

TAB

AGENCY PRICING POLICY

POLICY

- a. The effective date of annual price changes for inventory revaluation is 1 July of each year.
- b. Stock procured from commercial sources will be priced at replacement cost. For this purpose, replacement cost will be determined as the procurement cost of an item for a twelve-month period, or a lesser period if market trends warrant such action. The procurement cost will be arrived at as follows:

- (1) The procurement cost will be the cost reflected on the invoice less any applicable trade discounts.
- (2) The procurement cost will not include transportation and handling charges except when such charges are included in the unit price billed for the item.
- (3) Cash discounts will not be taken into consideration when computing the procurement costs.

Exceptions to the policy of pricing stocks at replacement costs are strategic reserve material, donated material, and non-moving stocks that will be priced at previously determined figure.

- c. The unit price of material purchased from another government agency will be the price reflected in this Organization's Supply Catalog. If not listed, the unit price will be that price shown in the price list published by the supplying agency. In the absence of either criteria, an estimated unit price will be established based upon the estimated acquisition cost of such items if procured new, exclusive of transportation, handling charges, etc.
- d. Unit price of material received from another government agency without reimbursement will be based on the expense incurred by the Office of Logistics for the incidental services (packing, crating, handling, transportation, or other services furnished by the donating agency). The objective will be to recover these funds in the stock procurement account. When donated material is declared "excess", it may be issued without charge to the Property Cost Authorization of the requesting component.

- e. An average price will be applied when no better criteria for establishing a price is available.
- f. Occasional non-standard additions to large in-use inventories will not be allowed to unduly affect the in-use valuation.
- g. Unit prices carried on Field Stock Record Accounts shall be corrected to the nearest penny.
- h. The fixed unit price shall not normally be adjusted to reflect minor changes in average acquisition price. Unless the change amounts to 5% of the fixed unit price or \$50.00, whichever is less, no adjustments need be made.